

IN THE MATTER OF INTEREST ARBITRATION

BETWEEN )

CITY OF MASON CITY, IOWA, )

PUBLIC EMPLOYER, )

AND )

MASON CITY FIREFIGHTERS ASSOCIATION, )

EMPLOYEE ORGANIZATION. )

Hugh J. Perry, Arbitrator

Award issued: July 14, 2004

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PUBLIC EMPLOYMENT  
RELATIONS BOARD

APPEARANCES:

FOR CITY OF MASON CITY:

Jerry Thompson, Bargaining Representative  
Brian Carrott, Human Resources Manager

FOR FIREFIGHTERS LOCAL 15:

Charles Gribble, Attorney  
Doug Janssen, President

BACKGROUND

Mason City is a community of some 29,172 located in North Central Iowa not near any metropolitan area. The Mason City Firefighters Association represents a bargaining unit of 41 full time employees in the City's Fire Department including 30 firefighters, 6 lieutenants and 5 captains. The department operates with three shifts each staffed by 10 personnel, a captain, two lieutenants, and 7 firefighters. Firefighters work a 27 day schedule adopted under the Fair Labor Standards Act as follows: 1 day on, 1 day off, 1 day on, 1 day off, 1 day on, 4 days off. The department has recently taken over ambulance services, previously privately contracted by the city which has increased the size of the bargaining unit from 31 to 41 employees and which will require employees to take EMT training. The parties have bargained under the Iowa Public Employment Relations Act since its inception. This is the first time they have utilized impasse procedures beyond mediation. There are two other City bargaining units, the Police and a blue collar unit represented by AFSCME. Both have settled their contracts. The parties' current contract dates from July 1, 2002 to June 30, 2004. During bargaining the parties resolved all issues except for Wages and Insurance. They engaged fact-finding to resolve these issues. That process narrowed but did not resolve these issues. The parties proceed under the arbitration procedures set forth in the PERA except they have extended the time lines to allow for completion of the process. A hearing was held on June 29, 2004 at the Mason City Hall. They parties agree that the award will be made retroactive to July 1, 2004. In fashioning this award I have been guided by the provisions of Section 20.22(9) of the PERA but will not set them forth here.

IMPASSE ISSUES

The Impasse Issues before the Arbitrator are: **Wages** and **Insurance**.

## CURRENT CONTRACT

**Wages:** The parties have a wage schedule that provides as follows:

Article 1 - Modified 40 Hour Rate (To determine annual salary take hourly rate times 2080 hours)

1.01 - Starting	\$13.00
1.02 - 1 Yr. (2 <sup>nd</sup> Class)	\$14.17
1.03. - 2Yrs. (1 <sup>st</sup> Class)	\$15.02
1.04 - 3 Years	\$16.82
1.05 - 5 Years	\$17.48
1.06 - 10 Years	\$18.18
1.07 - 15 Years	\$18.91
1.08 - 20 Years	\$19.67
1.09 - Lieutenant	\$20.95
1.10 - Captain	\$22.31

Any wage increase would result in an increase for each step on the current schedule. For example, a 3% wage increase would result in an hourly wage of \$13.39 for step 1.01.

**Insurance:** The City currently provides a self insured health insurance program for these employees. It is the Blue Cross Blue Shield Protector 100 Plan with the Alliance/ Select Option. Deductibles are \$100 single/\$200 family and maximum out of pocket expenses are \$500 single/\$1,000 family. The City pays the entire premium, currently \$186.19/month for single and \$446.87/month for family. Due to increased claims and level insurance contributions by the City for the past 10 years, the insurance fund balance has decreased from \$2,810,217 at the end of 2001 to \$1,329,920 as of February 18, 2004.

## PROPOSALS OF THE PARTIES

### CITY PROPOSALS:

**Wages.** The City proposes a 2.75% general wage increase.

**Insurance:** The City proposes that these employees pay \$15.00 per month toward the cost of their family insurance.

### UNION PROPOSALS:

**Wages:** The Union proposes that the wages of these employees be increased by 3.5%.

**Insurance:** The Union proposes that the current insurance benefit remain unchanged and that the City continue to pay the full cost of single and family health insurance for these employees.

## FACT-FINDER'S RECOMMENDATIONS:

**Wages:** The Fact finder recommended a 3% general wage increase.

**Insurance:** The Fact finder recommended that the current insurance benefit remain unchanged and that the City continue to pay the full cost of single and family health insurance for these employees.

## CONTENTIONS OF THE PARTIES

### WAGES

The **City** urges that its wage proposal of 2.75% is the most reasonable. It points out that the other two bargaining units in the City have settled for a 2.75% increase effective July 1, 2004 **and** will be required to pay part of the cost of their health insurance, Police \$25.00/month and AFSCME \$15.00/month. (AFSCME agreed to a two year contract providing for a 3% wage increase July 1, 2005.) The City utilizes a comparability grouping of ten Iowa cities, Ankeny, Charles City, Clear Lake, Clinton, Fort Dodge, Marshalltown, Newton, Ottumwa, Spencer and Webster City with which to make wage and insurance comparisons with the Mason City Firefighters. The City advanced data from these communities suggesting that the maximum firefighter pay in Mason City at \$40,914.00 is \$1,296.00 or 3.27% above average, that maximum Captain salary in Mason City at \$46,405.00 is \$325.00 above average and that a required insurance contribution would bring Mason City employees close to average when comparing adjusted hourly rates. The City notes that the CPI-U for the previous year was 1.9%. The City points out that for the fiscal years 2000 to 2004 the wages in this bargaining unit have increased by more than any other group of employees in the City, 22.9%. The City notes that using the Fact-finder's comparison cities of Burlington, Clinton, Fort Dodge, Marshall town, Muscatine and Ottumwa the maximum firefighter salary in Mason City is \$753.00 or 1.87% above average, the maximum Captain wage is \$325 or .7% above average. The City's data indicated that the two year cumulative wage increase among the Fact-finder's group of cities was 4.5% versus 5.75% in Mason City **with** the City's wage proposal. (On July 1, 2003 these employees received a 3% wage adjustment for the second year of a two year contract.) The City notes that it has no trouble recruiting firefighters nor any problem with turnover. It received 150 applications for only four posted job openings in the previous four years. In sum, the City argues that there is no justification for a 3% increase and certainly not for the Union's 3.5% asking. It submits that its proposal calling for a 2.75% wage adjustment is the most reasonable and should be awarded.

The **Union** proposes a 3.5% wage increase. To support this asking it uses a comparability group of nine Iowa cities located throughout Iowa including Ames, Bettendorf, Burlington, Cedar Falls, Clinton, Fort Dodge, Marion, Marshall town and Muscatine. The Union contends that its data demonstrates that firefighters in Mason City are underpaid compared to their peers in these communities. Similarly, Captains in Mason City are paid less well than their counterparts. A 3.5% increase here will generate no more than a 3% increase in many of these other communities. While the City argues that other Mason City employees have accepted a 2.75% wage increase, the proper focus under the PERA should be what other similar employees performing comparable work are paid. The Union's data suggests that top firefighter pay in Mason City ranks 8<sup>th</sup> among these comparable communities, that Lieutenant's wages rank 7<sup>th</sup> and that Captains rank 10<sup>th</sup> out of 10. The Union introduced settlement data indicating

that all of these communities had settled for 3% with the exception of Fort Dodge, 3.75% and Muscatine which was still in negotiations at the time of this hearing.

The **Fact-finder** recommended a 3% wage increase for these employees. (At Fact-finding the Union proposed 4% and the City 1.5%.) He used a comparability grouping of Iowa cities standing alone (not adjacent to metropolitan areas), similar in population and geographic proximity. He found that larger cities tend to provide greater pay and benefits and smaller cities less pay and benefits. This group consisted of Burlington, Clinton, Fort Dodge, Marshall town, Muscatine and Ottumwa. He concluded that Mason City Firefighters about average when measured against what these communities provide in pay and benefits. Three of the cities paid higher firefighter wages, four paid higher for Lieutenants and one for captain. Mason City was slightly behind the average in those job classifications. At the time of the Fact-finding hearing Fort Dodge had settled for 4%, Burlington 3%, and Marshall town 3%. He considered his recommendation of 3% to be in the mainstream.

**Discussion.** It is clear that it is the Insurance issue which drives this dispute. In its absence, I am convinced that the parties could easily arrive at a wage agreement. The comparability groups of the parties are fashioned to support their particular positions. That of the employer contains communities of much smaller size than Mason City, some without paid fire departments. As such, they are not of great value when comparing similar employees performing comparable work. The Union includes Ames, a community of 50,731 compared to Mason City at 29,172 and the communities of Bettendorf, Cedar Falls, and Marion which are located within or near greater metropolitan areas. The Fact-finder's grouping is more appropriate than that of either party. The Union's proposal of 3.5% is not supported by the data. The City notes that its other bargaining units have settled for 2.75% and proposes such an increase here. It contends that both internal and external data support its proposal. While internal comparability is a factor which should be considered, the primary comparisons must be external. A 3% wage adjustment is within the range of settlements among comparable employees this bargaining year. Such a settlement will not affect these employees' standing among the comparable communities. It is within the ability of the City to finance. A 3% adjustment is the most reasonable wage proposal before me. It is awarded.

## INSURANCE

The **City** proposes that these employees commence paying \$15.00 per month toward the cost of family insurance commencing July 1, 2004. In support of this position, the City notes that the other City bargaining employees are paying or will pay something toward this benefit. The Police employees have paid \$25.00/month toward the cost of family insurance for a number of years. Commencing July 1, 2004 the AFSCME unit will pay \$15.00/month toward the cost of family insurance and \$25.00/month commencing July 1, 2005. Non bargaining unit employees pay \$25.00/ per month toward the cost of their insurance. The City expressed concern over the increasing cost of health insurance and notes that the EHCT fund balance has been significantly reduced since 2001. Total claims have increased by more than 65% from 2001 to 2003. The City has not increased insurance contributions over the last ten years because it was not necessary to do so. Only in the past two years have claims and costs increased abnormally. The City notes that among the Fact-finder's comparable cities, three require some employee contribution from \$33.00/month in Mescaline to \$144.00/month in Ottumwa. Also, Mason City has more favorable deductible and out of pocket benefits than four of the six other communities.

The City notes that seven of ten cities in its comparison group require their employees to pay more toward insurance than what it proposes here. Further, Mason City Firefighters' insurance benefits are far superior. The City proposal for these employees to pay \$15.00 toward the cost of their family health insurance is a very modest request. However, it is a step in the right direction, asking these employees to shoulder a small part of the cost of this increasingly costly benefit.

The **Union's** proposal is to continue the current insurance benefit with the City continuing to pay the full cost of single and family coverage. The Union notes that the City has not increased its insurance contribution for ten years. Even modest contributions over this time would have forestalled the current financial difficulties the City is experiencing with its insurance fund. Many of the Cities to which the Union compares Mason City continue to provide 100% of the premium for insurance coverage to their firefighters. In addition, the monthly contribution of these Cities to the cost of insurance exceeds the this Employer's contribution \$186.19/month single and \$446.87/month family. If the City could show that it had increased its contributions and was at or near the top of other cities in terms of contributions and still not able to handle its insurance obligations, it might have an argument to require these employees to pay part of the insurance premium. There is a longstanding and established bargaining history for the City to pay the full cost of these employees' insurance. Such a practice and history should not be disregarded absent compelling evidence to do so. The Union's position on insurance, also the Fact-finder's recommendation is the most reasonable position. It should be awarded.

The **Fact-finder** recommended that the City continue to pay 100% of the insurance premiums for these employees. The Fact-finder found the City's problems with insurance costs to be due to increasing claims and lack of increasing insurance contributions. He found that although the insurance fund balance had significantly decreased, it was still adequate to cover the cost of the successor contract, July 1, 2004 to June 30, 2005. The Fact-finder found fault with the City for failing to make modest increases in the premium contributions over the last ten years which would have prevented the current problems. The Fact-finder placed significant emphasis on the fact that the employees had enjoyed this benefit for 25 years and suggested that if the City was serious about having the firefighters contribute something toward health insurance for the first time it would have offered an equitable *quid pro quo* to do so. He failed to find such being offered. Out of the six Iowa cities he found comparable, he found two which required contributions for both single and family insurance and only one which required a family insurance contribution.

**Discussion.** As stated above, Insurance is clearly the engine which drives this dispute. The City is asking that these employees start to contribute toward the cost of their family premiums, \$15.00 per month. (At Fact-finding it proposed \$45.00 per month.) It cites increasing claims and a decreased insurance fund to justify its asking along with the fact that other Mason City employees are required to contribute something toward their insurance. Other Cities require employee participation in their premium payment. However, as pointed out by the Union, many other comparable cities continue to pay 100% of their employees health insurance premiums. The Fact-finder found some fault with the City for not adjusting insurance contributions over the past several years to avoid the current difficulties. Also, he indicated that if the City wished to make a fundamental change in this longstanding benefit, it should offer these employees something of value to do so.

In fact, these employees have something of significant value, a quality health insurance program. Even if they were required to modestly contribute something toward the family premium, it would remain

a great value and benefit. Nevertheless, the City is asking for something it could not attain at the bargaining table. For this to be imposed upon these employees, there must be compelling evidence to do so. The external comparability data is mixed. Three of six of the communities found by the fact-finder to be comparable paid 100% of the employees' premiums, three required some form of employee contribution. Most comparable employers pay more for their employees insurance than Mason City.

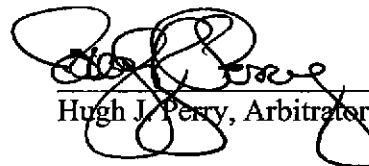
I conclude that the City has not met its burden to make a fundamental change in this long standing benefit. This having been said, there may very well come a point when increasing insurance costs require these employees to make a greater contribution to this benefit, either in the form of premium participation, increased deductibles and coinsurance or a decrease in insurance benefits. The Union is strongly encouraged to be pro-active with respect to this important benefit and to seek mutual solutions with the City to contain escalating insurance costs.

### AWARD

**WAGES** - The Fact-finder's recommendation of a 3% increase effective July 1, 2004.

**INSURANCE** - The Fact-finder's recommendation and the proposal of the Union. The City to continue to pay these employees single and family health insurance premiums.

Signed this 14<sup>th</sup> day of July, 2004

  
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Hugh J. Perry, Arbitrator

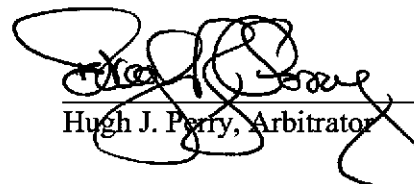
### CERTIFICATE OF SERVICE

I certify that on the 14<sup>th</sup> day of July, 2004, I served the foregoing Award of Arbitrator upon each of the parties to this matter by mailing a copy to them at their respective addresses as shown below:

Jerry Thompson  
Thompson and Associates  
2813 Virginia Place  
Des Moines, Iowa 50312

Charles Gribble  
Attorney At Law  
2910 Grand Avenue  
Des Moines, Iowa 50321

I further certify that on the 14<sup>th</sup> day of July, 2004, I will submit this award for filing by mailing it to the Iowa Public Employment Relations Board, 514 East Locust Street, Suite 202, Des Moines, Iowa 50309.

  
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Hugh J. Perry, Arbitrator